

EXECUTIVE SECRETARIAT
ROUTING SLIP

*Memo
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| 11 | IG | | | | |
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| 13 | D/Pers | | | | |
| 14 | D/OLL | | | | |
| 15 | D/PAO | | X | | |
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SUSPENSE _____ Date _____

Remarks

STAT

Executive Secretary
25 Apr 85
Date

The Director of Central Intelligence

Washington, D. C. 20505

Executive Registry

85- 1713/1

25 April 1985

Dear Al,

I tried to get you on the phone this morning but was unable to do so.

I spoke with Bob Bartley and told him I wanted this letter published in response to Mr. Merry's article on the back page of yesterday's issue.

I send this note for your information with the request that it be sent up to Bob Bartley, and whomever else should get it, on your wire.

Yours,


William J. Casey

Mr. Al Hunt
The Wall Street Journal
1025 Connecticut Avenue
Washington, D. C. 20036

DCI
EXEC
REG

P-310

The Director of Central Intelligence

Washington, D.C. 20505

Executive Registry

85- 1713

25 April 1985

The Editor
The Wall Street Journal
22 Cortlandt Street
New York, New York 10007

Dear Sir:

Your issue of April 24 carries a false quote from me:

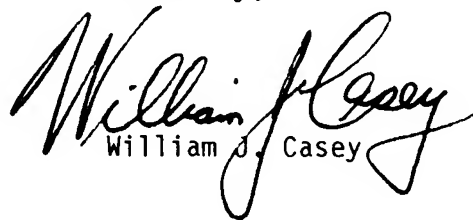
"Any compromise that's acceptable to Lee Hamilton would be repugnant to me."

He said I had told that to a White House official.

Your reporter, Robert Merry, used an anonymous source for this alleged quotation without any effort to check the accuracy of the quotation with me or my Office of Public Affairs. The truth is that I have known and worked with Mr. Hamilton for over ten years, hold him in high respect, and never made any statement or harbored any thoughts with respect to him which remotely resemble those that Mr. Merry has recklessly attributed to me.

Mr. Merry has engaged in irresponsible journalism, not to say dirty pool.

Sincerely,


William J. Casey

DCI
EXEC
REG

Reagan's Foreign Policy Gaffes on Nicaragua . . .

FOREIGN INSIGHT

By ROBERT W. MERRY

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—In the summer of 1983, with the issue of U.S. policy toward Nicaragua heating up, the director of the Central Intelligence Agency, William Casey, expressed a sentiment that may help explain how President Reagan got into such hot water on the issue.

The subject of Mr. Casey's comment was Rep. Lee Hamilton, an earnest Indiana Democrat and powerful opponent of covert aid to Nicaragua's anti-Sandinista Contras. "Any compromise that's acceptable to Lee Hamilton," Mr. Casey told a White House official, "would be repugnant to me."

The problem with that attitude, as the White House has discovered to its chagrin, is that any approach acceptable to Mr. Casey seems repugnant to the American people.

Therein lies the political vise that holds the president in its grip on the sensitive issue of aid to the rebels seeking to overthrow Nicaragua's Marxist government.

To Mr. Reagan, the existence of the pro-Soviet Sandinista regime in the Americas is a dangerous threat to regional stability and, eventually, to the U.S. itself. The regime, he says, "imperils the U.S." and ignoring the problem "invites the conditions that will lead to more fighting . . . and new bloodshed." But the voters and Congress are skittish about U.S. involvement in the jungles of Central America, largely, it seems, because of their vivid memories of the country's ill-fated involvement in Vietnam.

Tactical Uncertainty

This political dichotomy throws Mr. Reagan's zest for combativeness into conflict with his instinct for avoiding defeats through well-timed compromise. The problem is that combativeness on this issue seems to heighten prospects of defeat, while compromise drags him further from his basic anti-Sandinista outlook than he wants to go. The result: tactical uncertainty.

Mr. Reagan's challenge has been to calm that skittishness and mobilize public opinion behind his pro-Contra approach. So

far he's failed. Events of the past week suggest that the prospects of success were slim from the outset. But Mr. Reagan's lack of consistency and resolve on the issue further diminished any chance of victory.

That tactical uncertainty was reflected in the debate that has raged at the White House in recent weeks. One faction argued for an all-out, high-profile presidential campaign aimed at altering public opinion. The other urged caution and compromise on the ground that public opinion isn't susceptible to presidential entreaties on Nicaragua.

The hard-line faction, led by communications chief Patrick Buchanan, won out initially, as the president sent to Congress a report on the Contras that triggered this week's votes on the requested \$14 million aid package for the rebels. Wrapping his plan in the rhetoric of peace and promising to restrict the aid to humanitarian purposes as long as talks proved fruitful, the president vowed an all-out campaign on behalf of his aid plan.

But then the other faction gained the upper hand, as Mr. Reagan eschewed any television pitch for the aid and then signaled his willingness to compromise. "The votes just weren't there," says a Republican with close ties to the White House.

Results of Key Poll

Both sides in the dispute had been studying the results of a poll making the rounds at the White House, but each faction had focused on different aspects of it. The poll, conducted by longtime Reagan ally Richard Wirthlin, indicates that Americans are aware of the Central American problem, don't much like the Sandinistas and consider political instability in the region a serious threat to the U.S. But they don't want to do anything about it.

A White House official says the poll shows nearly 60% of the respondents knew about Nicaragua's ruling Sandinistas. Asked to rate them on a scale of 1 to 100, respondents placed the Sandinistas below 30. About three-fourths of those polled agreed that the Sandinistas constituted a threat to stability in the region that could have grave consequences for the U.S.

Yet by about the same 75%, those polled expressed fears that U.S. involvement in the region could lead to another Vietnam

debacle, the White House official says. The Contras's rating, while higher than the Sandinistas, still was a low 42. And those polled utterly rejected Mr. Reagan's characterization of the Contras as akin to this country's Founding Fathers.

"So there's a lot of security interest down there, yet there's a persistent, nagging fear," the White House aide says.

The Buchanan faction in the White House, in arguing for an all-out presidential effort, focused on the public's perception of a serious security interest. According to White House insiders, Mr. Buchanan and others also argued that, even if Mr. Reagan lost on the issue, it was important enough to justify a last-stand approach. Eventually, according to this view, public opinion will move closer to Mr. Reagan's views, and then he will be well positioned on the issue.

Another Argument

But others argued that it was politically foolhardy to ignore key legislators, such as Indiana's Rep. Hamilton, when their views seemed so much closer to public opinion than the president's. These people wanted a compromise approach aimed at extracting the best deal possible under adverse political circumstances, while preserving the option of getting tougher if public opinion changed.

"The problem," says a presidential adviser, "is that the president gets out front to the point where he starts losing. Then you end up with less than you would have had if you had compromised."

That seems to be precisely what's happened in the past few weeks. Caught up in a last-ditch struggle to reach a compromise that staves off the appearance of defeat, Mr. Reagan ended up suffering one of his most severe defeats to date.

"It looks like a defeat. It's played that way in the press. It is a defeat," says a Republican with close White House ties.